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Why RJR shuffled agency deck

Global view pervades $130 million revamp

By WILLIAM F. GLOEDE

R.J. Reynolds Industries' decision to move an estimated $130 million in advertising agency assignments last week is seen as a double-edged attempt to shift into global overdrive while bolstering sagging brand performance in the U.S. A smattering of agency politics also entered the picture.

E.A. Horrigan, president-chief operating officer of the Winston-Salem, N.C.-based company, attributed the moves to RJR's desire to "strengthen its consumer products businesses on both a domestic and global basis. . .in order to increase our ability to meet the long-range requirements of the individual products involved and the entire corporation."

RJR's account shifts, involving R.J. Reynolds Tobacco Co.'s Winston and Sterling cigarets, Del Monte Corp.'s Hawaiian Punch and eight brands in the Heublein spirits stable, gave McCann-Erickson, New York; Young & Rubicam, New York; Dentsu-Young & Rubicam, Los Angeles; Leber Katz Partners, New York, and Tatham-Laird & Kudner, Chicago, something to crow about.

Conversely, William Esty Co., New York, and its parent Ted Bates Worldwide, New York, alongside Mickelberry's Laurence, Charles & Free, New York, and BBDO/West, San Francisco, were left licking their wounds and wondering what went wrong.

McCann, already a major RJR

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Winners and losers in RJR's shakeup

Here's how agencies fared in RJR's account megashift, with gainers outnumbering losers five to four in the high stakes race for an estimated $130 million in RJR business. Source: *Advertising Age.*

Unit	Winner	Loser
R.J. Reynolds Tobacco Co.		
Winston	McCann-Erickson, New York	Wm. Esty Co., New York
Sterling	Tatham-Laird & Kudner, Chicago	Ted Bates, New York
Del Monte		
Hawaiian Punch	DYR, Los Angeles	BBDO/West, S.F.
Heublein		
Lancers wines	Young & Rubicam, New York	Laurence, Charles & Free, New York
Valbon wines	Young & Rubicam, New York	Laurence, Charles & Free, New York
Jose Cuervo premium tequila	Young & Rubicam, New York	Laurence, Charles & Free, New York
Jose Cuervo 1800 Premium Tequila	Young & Rubicam, New York	Laurence, Charles & Free, New York
Black Velvet	McCann-Erickson, New York	Laurence, Charles & Free, New York
Irish Mist	McCann-Erickson, New York	Laurence, Charles & Free, New York
Club cocktails	Leber Katz Partners, New York	Laurence, Charles & Free, New York
Arrow cordials	Leber Katz Partners, New York	McCann-Erickson, New York

AHP's $100 mil looking for network

By VERNE GAY

New York—American Home Products Corp., network tv's fifth-largest advertiser, is expected to decide by April 1 whether to make a massive two-year multidaypart buy on either NBC-TV or ABC-TV. At stake is as much as $100 million.

It is unclear whether CBS-TV will bid for the AHP business. Network executives would not comment on CBS' plans. However, previously CBS has made only one multiyear deal, that being a two-year sports buy for Miller Brewing. Multiyear deals can lock up huge amounts of inventory, and CBS, as the top-rated network, is the most likely to get higher prices in the short-term market.

While details on the AHP negotiations remain sketchy, sources said the deal will be similar to an existing arrangement between AHP and NBC. AHP has made three similar deals with NBC in the past, the most recent in 1982 when NBC was a distant third in the Nielsen battles. That deal, which expires in early 1986, was for three years and $250 million. Sources said ABC and NBC this year have proposed two-year deals for slightly less money.

Sources said AHP will demand inventory in all dayparts, with the major portion going to prime time. The target demographic will remain women 18 to 49, with a guaranteed cost-per-thousand rate.

John Conti, president of John F. Murray Advertising, AHP's house agency, declined to comment on the negotiations.

Top sales executives from ABC and NBC would not disclose details about their bids.

"ABC has been asked to submit for a two-year deal," said Jake Keever, vp in charge of sales, ABC. Mr. Keever added that network sales research still was ironing out the details of its bid.

Bob Blackmore, senior vp-sales at NBC, expressed confidence that his network would notch a fourth multiyear deal with AHP.

"What you have here is an ongoing relationship of many years. I would look to continue it in some way," he said.

If the deal comes in at $100 million for two years, it could represent almost 30% of AHP's total network tv spending. According to Broadcast Advertiser Reports, AHP last year spent $179.1 million in network tv, including $86.6 million in prime time and $63.9

(Continued on Page 93)

Ron Travisano to hit the road

By JOHN J. O'CONNOR

New York—While his name will stay on the door "forever," Ron Travisano is leaving Della Femina, Travisano & Partners to devote all his energies to directing tv commercials.

The 46-year-old agency vice-chairman and co-director of creative services and his longtime partner Jerry Della Femina spelled out the terms of the buyout in a telephone call last week.

In selling his 32% interest in the agency, which is projecting 1985 billings of $250 million and has more than 40 clients, Mr. Travisano, in Mr. Della Femina's words, "never will have to work for the rest of his life, but I'll have to, for the next 200 years."

Although Mr. Della Femina, 48,

(Continued on Page 90)

'New Yorker' takes 'New' turn

By STUART ELLIOTT

New York—Can Eustace Tilley find happiness in the New-house of brides, glamourous mademoiselles and fair gentlemen?

That is the $168 million question following the unanimous decision March 8 by the board of directors of The New Yorker Magazine Inc. to approve the merger proposed by S.I. Newhouse Jr.'s Advance Publications (AA, Feb. 14, *et seq.*).

Many in the advertising and media communities here expected the company to accept Mr. Newhouse's bid, which he raised to $200 a share ($142 million) from $180 a share ($124.5 million). They reason the publishing magnate would not have spent $25.6 million last November to purchase 17% of the company's stock unless he were sure of success.

The $168 million acquisition, dependent on approval of The New Yorker's shareholders, brings the company into a media empire among the nation's richest, including Random House, 29 newspapers,

(Continued on Page 8)

Kostyra on spot for JWT

By STEWART ALTER

J. Walter Thompson USA, the ad agency world's largest buyer of spot tv time, will name Richard Kostyra as head of a reorganized spot operation designed to be more responsive to client needs.

Mr. Kostyra, who remains senior vp-media director at JWT, New York, actually takes the top spot for a second time, having headed the unit on a temporary basis in 1982 following the dismissal of Marie Luisi.

John Byron Hackett, the senior vp being succeeded by Mr. Kostyra, is a lawyer who was general manager of JWT's entertainment

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Last Minute News

Begins on Page 8.

NEWSPAPER

AA
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CONGRESSIONAL INFO SERVICE
SPI ACQUISITIONS
4520 EAST-WEST HWY #800
WASHINGTON DC 20014

FDA hints approval of food health claims

By STEVEN W. COLFORD

WASHINGTON—A senior Food & Drug Administration official in a speech last week disclosed 10 preliminary guidelines the FDA is considering to control the use of medical and health claims in food marketing.

Though not entirely pleasing to food industry executives, who have been closely watching FDA's position, the tentative policy laid out by Joseph Hile, FDA's associate commissioner for regulatory affairs, suggests the government agency is ready to adopt a new, more permissive stance.

The speech was the first attempt at revamping policy since the FDA was confronted last fall with Kellogg Co. ads and packaging that promoted Kellogg All-Bran cereal as being helpful in avoiding some forms of cancer (AA, Oct. 22, *et seq.*). Previously, the FDA regarded foods making such claims as "drugs" and subjected the claims to the same stiff substantiation requirements as prescription medicines.

A unified response

The FDA action shows its thinking points in the same general direction as that of the Federal Trade Commission, where high-ranking staffers have publicly proclaimed the Kellogg campaign an important and laudable advancement in nutrition-based advertising.

This semblance of a unified governmental response to health-linked food ad claims follows repeated signals that FDA commissioner Frank Young preferred a tougher stance.

Even after two prominent FTC officials publicly praised the Kellogg campaign, Dr. Young was floating trial balloons for an industrywide moratorium on food advertising that made such health claims. He wanted to have the moratorium until the agency could more fully explore the issue.

Of the 10 specific guidelines Mr. Hile laid out, two proved the most controversial to industry representatives: Requesting that marketers contemplating the use of health messages consult with the FDA before implementing such campaigns and requiring a consensus of scientific substantiation for any medical claims.

FDA's pre-review guideline, though not mandatory, is considered highly advisable for food marketers, FDA officials say.

Timetable to speed up?

Some industry representatives wondered whether the agency would formalize the guidelines. The FDA spokesmen said the guidelines will be subject to public comment, though perhaps not for six months.

The timetable might be accelerated, an FDA official said, but only if Department of Health & Human Services Secretary Margaret Heckler deems it a priority issue or if other food marketers, thinking the agency has given them a green light, quickly begin using health claims for their products.

The guidelines must pass the muster of the Public Health Service, HHS and the Office of Management & Budget before being subject to public comment.

Other specific guidelines from Mr. Hile's speech

(Continued on Page 93)

Highlights

McDonald's, that epitome of middle-class life styles, has purchased membership in one of America's most exclusive clubs: Those advertisers who spent more than a quarter-billion dollars in a year on tv advertising. *See Page 6.*

The "Un's the one" campaign that Seven-Up Co. launched last week marks a return to its "Uncola" positioning, which has been dormant for the last 10 years. *See Page 10.*

Blitz-Weinhard Brewing Co., a subsidiary of G. Heileman Brewing Co., is aiming at the premium beer segment with a new light ale billed as "ale that ale-haters love." *See Page 12.*

The 10 best promotions of 1984 include sweepstakes, special events and sampling techniques that showed a return to basics. *See Page 42.*

CORPORATE CLOSEUP

The lack of a high-profile image has not stopped 83-year-old Meredith Corp. from reaping above-average profits for its publications, which include the likes of *Better Homes & Gardens*. *See Page 4.*

FORUM

Writer Peter Friedman reveals his role in Procter & Gamble's great Crest experiment. *See Page 22.*

Zurich adman David Marsden discusses what's right—and wrong—with some global marketing strategies. *See Page 22.*

INTERNATIONAL

The strength of the U.S. dollar is playing havoc with advertising rates for international publications on both sides of the Atlantic. *See Page 50.*

U.S. multinational advertising agencies are beginning to take a higher profile in Spain, the eighth-largest market in Europe. *See Page 50.*

The traditional English pub, which has served tepid beer to reveling British male chauvinists for nearly 2,000 years, is in danger. U.K. beer sales have shown only a slight increase since 1979 and major breweries want to expand the market by turning their backs on the pubs. *See Page 50.*

VIDEOTECH

The May fray has become the focus of the Big 3 tv networks' most intensive efforts, now that the outcome of the 1984-85 season is decided. *See Page 60.*

CBS Entertainment's crop of 19 pilots for series for next season includes a sitcom produced by Procter & Gamble, tv's largest advertiser. *See Page 60.*

COMING THURSDAY

SPECIAL REPORT

Changes in women's life styles mean more men are shopping for themselves and their households. As a result, marketers are beginning to change their tactics to reach men in the kitchen, nursery, grocery store and laundry room.

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ABP MFA RED TAG ABC AMPA

Croissan'wich beat the stuffin' out of Egg McMuffin!

Breakfast battle

Burger King pitches its Egg Croissan'wich breakfast item in a new series of tv commercials that include this group of angelic kids, who tell McDonald's its Egg McMuffin lost in a national taste test. *(See story on Page 88.)*

'Picture Week' gets Time focus

By STUART J. ELLIOTT

NEW YORK—Time Inc.'s magazine development group has chosen one of four potential titles, *Picture Week*, as the project on which to focus its current efforts.

"Much of the group's energies will be concentrated on *Picture Week* for a while," Henry Grunwald, Time Inc. editor-in-chief disclosed in a memo to the company's staff.

In addition to *Picture Week*, a photojournalism weekly, the development group has been testing, via direct mail, three other magazines (AA, Feb. 25, *et seq.*): *Flash*, a women's news and feature weekly; *Investment Week*, an investors' weekly, and *Leisure*, a monthly devoted to free-time pursuits.

The other three will be "moved along," said Bruce Barnet, publisher-magazine development group, with "other possibilities" considered.

"We are still keeping an open mind about those. *Leisure*, we al-

(Continued on Page 93)

Vote today on settlement proposal

Writers work it out

By VERNE GAY and BOB MARICH

LOS ANGELES—After an all-night session between producers and the Writers Guild of America March 7, a tentative settlement was reached that could end the controversial writers' strike as early as this evening.

The Guild's 9,200 members will be asked to vote on the new terms tonight and production on affected shows could resume as early as March 12. The terms of the proposed settlement were not disclosed.

News of the pact was cheered by members of the tv and advertising community. ABC-TV was "pleased" about the tentative settlement. A spokesman for the network said none of its prime time series had been affected by the short-lived strike.

NBC, the network with the most to lose from the strike's continuation, was "delighted." "Sarah," "The David Letterman Show," "Saturday Night Live" and "The Cosby Show" felt immediate im-

(Continued on Page 93)

Big Mac serves up big tv ad bill for '84

By SCOTT HUME

McDonald's, that epitome of middle-class life styles, has purchased membership in one of America's most exclusive clubs: The Quarter-Billion-Dollar Club.

Yearend figures from Television Bureau of Advertising show that Oak Brook, Ill.-based McDonald's Corp. spent $253.9 million on tv advertising in 1984. The bulk of that spending, $162.5 million, went to network tv, with the remaining $91.5 million allocated to spot tv buys.

Figures for all business segments have not yet been tallied by New York-based TvB, so it's unclear exactly where Big Mac ranks among all tv advertisers—other than to hazard the wild guess that Procter & Gamble surpassed it. But it's certain that last year McDonald's moved into the top five and possible that it made No. 2.

In 1983, Cincinnati's P&G led all tv spenders (network and spot combined) with expenditures of $596 million. The second-place finisher was General Motors, which spent $226 million. GM also may have joined the Quarter-Billion Club last year, giving Ronald McDonald a run for the No. 2 ranking.

McDonald's total tv spending increase of 37%, compared with the $185 million it spent in 1983, came totally from increased network spending, which doubled to $162.5 million from $80.9 million.

Big Mac's network spending peaked during the third quarter, which included its major sponsorship of ABC's Summer Olympics broadcasts. Sources put its network spending during that quarter at between $50 million and $60 million (AA, Dec. 10). Network spending was $25.4 million in the first quarter, $40.2 million in the fourth quarter and an estimated $40 million in the second quarter.

While doubling network spending, McDonald's spot tv expenditures dropped to $91.5 million from $105 million in 1983. But the overall increase in tv spending is attributable to increased contributions from operators rather than a redeployment of funds. In 1983, McDonald's spent 2.6% of total domestic restaurant sales on tv advertising. Last year that figure rose to more than 3%.

Try as they might, McDonald's competitors are having a hard time closing the tv spending gap. Both Burger King, which increased total tv spending 57%, and Wendy's, which upped its expenditures 48%, made greater percentage increases than did Big Mac, but both remain enormously outspent.

The best Miami-based Burger King can say about the burgeoning burger budget battle is that for the first time it spent more than half (51%) what Big Mac did (up from a budget that was 44% of McDonald's in 1983). Dublin, O.-based Wendy's total tv bill still isn't one-third of McDonald's, although its 29% for 1984 closed the gap somewhat from 1983's 27%.

Another fast-growing tv spender among fast-food chains is PepsiCo's Taco Bell, which increased spending 53% to $28.5 million from $18.6 million in 1983 (which represented a 62% increase compared with the $11.5 million spent in 1982). Tracy-Locke, Dallas, handles Irvine, Cal.-based Taco Bell.

Hardee's Food Systems, Rocky Mount, N.C., also is rapidly increasing its tv ad presence. Last year's $25.5 million bill represented a hefty 45% increase compared with 1983's $17.6 million.

Much of that increase came from Hardee's initial foray last year into network tv, where it spent $7 million. Unfortunately, the "It's all here" campaign it took to the network didn't provide the sales returns it expected from the increased expenditures. The result was an end to its 10-year relationship with Benton & Bowles, New York (AA, Jan. 14).

Hardee's this week will hear final presentations from N W Ayer, Ted Bates Inc., William Esty Co. and Ogilvy & Mather, all New York.

Leo Burnett USA, Chicago, handles McDonald's. J. Walter Thompson USA, New York, handles Burger King. Dancer Fitzgerald Sample, New York, is Wendy's agency.

The restaurant category continues to be dominated by the top five chains—McDonald's, Burger King, Wendy's, Kentucky Fried Chicken (handled by Young & Rubicam, New York) and Pizza Hut (handled by Chiat/Day, Los Angeles)—which together account for better than 60% of its total tv advertising dollars.

McDonald's Corp. alone accounts for 27% of the industry's total tv spending.

That strength at the top recently led one second-tier restaurant chain exec to remark, "We gave up the idea of playing ball with the big boys years ago."#

Fast-food chains' tv spending

McDonald's tv advertising isn't just for Saturday mornings anymore. By more than doubling its network tv spending last year to $162.5 million while also spending $91.5 million on spot tv, McDonald's may have become only the second advertiser to spend more than a quarter of a billion dollars on tv in one year. ***Source: Television Bureau of Advertising from Broadcast Advertiser Reports data.***

	1983 ($ thousands)			1984 ($ thousands)			Per cent change
Rank/Chain	Network	Local	Total	Network	Local	Total	'83-'84
1. McDonald's	80,930.9	105,024.4	185,956.4	162,462.3	91,463.2	253,925.5	+37
2. Burger King	35,642.1	46,823.4	82,465.5	51,315.6	78,119.4	129,435.0	+57
3. Wendy's	18,683.4	31,029.9	49,713.3	34,687.9	38,817.9	73,505.8	+48
4. Kentucky Fried Chicken	30,576.7	19,250.8	49,827.5	39.158.9	23,680.2	62,839.1	+26
5. Pizza Hut	17,006.8	30,152.3	47,159.1	18,207.3	39,980.1	58,187.4	+23
6. Red Lobster Inns	7,674.0	21,086.5	28,760.5	13,592.1	16,154.5	29,746.6	+ 3
7. Taco Bell	—	18,559.8	18,559.8	—	28,473.6	28,473.6	+53
8. Hardee's	—	17,582.5	17,582.5	6,990.5	18,493.1	25,483.6	+45
9. Long John Silver's	—	17,644.4	17,644.4	—	19,643.2	19,643.2	+11
10. Denny's	12,165.8	4,466.9	16,632.7	15,267.0	3,618.7	18,885.7	+14
11. Jack in the Box	204.1	14,838.0	15,042.1	—	13,273.5	13,273.5	−12
12. Arby's	6,270.4	7,652.1	13,922.5	4,423.7	8,138.4	12,562.1	−10
13. Sizzler	—	8,846.2	8,846.2	—	11,159.9	11,159.9	+26
14. Dairy Queen	—	10,625.7	10,625.7	—	10,994.6	10,994.6	+ 3
15. Godfather's Pizza	—	8,103.1	8,103.1	—	9,077.3	9,077.3	+12
Top 15 Total	209,150.0	362,686.0	570,836.0	346,105.0	411,088.0	757,193.0	+33
Category Total	213,388.5	498,133.1	711,521.6	352,156.1	577,598.6	929,754.7	+31

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Snyder takes AA wheel

Detroit—Jesse Snyder has been named chief of the Advertising Age news bureau here as of March 15.

Mr. Snyder has been a reporter in the AA burcau since August, 1983. He succeeds Ralph Gray, a veteran automotive industry news reporter, whose work will continue to appear in AA and other business periodicals and newspapers in his new role of freelance writer.

J. Snyder

Before joining AA, Mr. Snyder served for 13 years at the *Daily Tribune*, Royal Oak, Mich. He was the newspaper's business editor for the last three of those years.

In 1978, Mr. Snyder was a grand winner in the AAA Steering Wheel competition for his reporting on a fatal school bus accident. He also was a co-winner in 1978 in the Michigan Associated Press news story competition. He has a journalism degree from Michigan State University, East Lansing.#

CORRECTIONS & CLARIFICATIONS

- A color page ad in *Peak* costs $1,670 and the back cover sells for $2,670 (AA, Feb. 11, P. 48). Also, b&w ads are available to advertisers.
- The agency name given in the caption for the Corning Glass Works cookware (AA, Feb. 11, P. 2) should read Saatchi & Saatchi Gough Waterhouse.
- Henry Schafer is now vp-primary and social research, ABC Marketing & Research Services (AA, Feb. 18, P. 52).
- An Agency People item on Philip Herr's promotion to senior vp at Marschalk Co., New York (AA, Feb. 18, P. 41), should have referred to him as the agency's research director.
- Needham Harper Worldwide also handles co-op accounts for McDonald's Corp. in Phoenix, San Diego, Tucson and Las Vegas (AA, Feb. 18, P. 2).
- Stuart Young is ceo of Video Placement International and Conceptual Media Enterprises, New York; (212) 696-9207. Entertel is the parent company (AA, Feb. 28, P. 6).
- The ABC-TV affiliate in Sioux Falls, S.D., should have been identified as KSFY (AA, Feb. 28, P. 18).

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Sources: *Market Statistics, 1984, Sales Per Household
**Sales & Marketing Management's 1984 Survey of Buying Power

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Public Relations Beat / BY JACK BERNSTEIN

Role of pr in proxy fights, tender offers

Public relations can play an important and even critical role in a hostile corporate takeover situation, but is almost always subordinate in influence to the lawyers and investment bankers. Richard Cheney, vice-chairman of Hill & Knowlton and pr's leading participant in proxy fights and tenders, acknowledges that lawyers and bankers share the major clout in such contests. Next in importance are pr counsel and proxy solicitors, not necessarily in that order.

The number of pr players in the takeover game is quite limited. Mr. Cheney has dominated the scene for more than 10 years, but Gershon Kekst and the company bearing his name have come on so strongly in recent years that the chances are good the two would be on opposite sides in any major battle.

Closing in on the leaders is Jonathan Rinehart of Adams & Rinehart, New York, who has participated in several important conflicts. Other companies are involved more sporadically.

The behemoth of the pr business has been quiescent in the hostile takeover area. That may be changing. CBS Inc., anticipating hostile action, has put together a takeover defense team. The pr component: Burson-Marsteller.

In a proxy fight, the lawyer calls the shots. In a tender, where price is the paramount consideration, the investment banker is, in Mr. Cheney's words, "the lead horse." "Stockholders," he maintains, "would tender to Ho Chi Minh if the price was right."

Pr is very important in a proxy fight, says Morris Kramer, partner of Skadden Arps Slate Meagher & Flom, generally conceded to be the nation's premier takeover law firm. Mr. Kramer, who has been legal counsel in more than 50 takeover battles, sees a proxy fight as akin to a political campaign: "You can't buy someone's vote because it's against the law, so you have to persuade shareholders to gain their proxies. To do that, effective communication is vital and that's where pr comes in."

Nonetheless, it is a constant struggle to win respect for pr's contribution, says Mr. Cheney. Respect is earned by understanding the business. By asking the right questions and offering sound advice. And by talking the players' language.

That means being conversant with such terms as bearhug, crown jewels, poison pill, scorched earth, shark repellent, lockup and arbs. More recent additions are greenmail and camomail (camouflaged greenmail which some burned arbs, or arbitrageurs, call black-and-blue mail).

Those wishing to obtain a glossary of such terms, as well as relevant takeover rules and regulations, are invited to drop a line to Jonathan Rinehart, who will forward a copy without obligation.

"A proxy fight is basically a process of character assassination," says Grant C. Gentry, chairman-ceo of Pantry Pride Inc., who beat off a group of dissident shareholders in a bitter contest. "That is true, too much so," agrees Mr. Rinehart. "Passions run high, and that's where it's constructive that the Securities & Exchange Commission is on hand to clear communications to shareholders," he adds.

Okay, but if a tender offer is decided almost totally on the basis of economics, what chores are there for pr? Mr. Cheney ticks them off: First, there's the basic stuff like preparation and dissemination of scores of news releases. Innumerable phone calls have to be dealt with. Decisions must be made as to whether something should be said and, if so, what, when and by whom. Myriad other communications details must be attended to relating to charges and countercharges, litigation developments, court decisions, etc.

Things can get a bit ticklish, though, when a pr takeover specialist is superimposed into the corporate communications scheme. That decision is generally made by top management at the behest of the lawyers and/or bankers and can shake the internal staff up.

Mr. Cheney maintains that while the potential for friction exists, more often than not things work out smoothly. "We regard internal pr people as a valuable resource. They know the company intimately and can provide useful information quickly. For the most part, they recognize that we come in with a certain degree of experience and expertise in a highly specialized, high-pressure area."

Pr players in the takeover game assert that they have something significant to contribute. Public relations, they claim, can foster a climate conducive to the achievement of their client's objective. Bad press can create doubt in the minds of the decision-makers and turn an orderly retreat into a rout. Deft media handling can advance the cause with the institutions and general public and, in the opinion of some, even influence judicial decisions.

Monte Gordon, vp-director of research at the Dreyfus Corp., which manages assets in excess of $25 billion, says that while institutions are no less profit oriented than other investors, "there is no question that their attitude toward a vote or tender can be affected by what they see, hear and read."

From a media point of view, Mr. Rinehart observes that the *Wall Street Journal* and the *New York Times* are the most effective in influencing the investment community. If there is a Washington angle, then the *Washington Post* becomes important. Local, regional and trade media also are useful in reaching shareholders. In the Carter Hawley Hale resistance of a raid by another retailer, the *Los Angeles Times* and *Women's Wear Daily* were important communications conduits.

Mr. Cheney is a strong advocate

(Continued on Page 39)

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Ratings give 'Voltron' big licensing charge

By JAMES P. FORKAN

"Voltron" is showing its muscle in the licensing field, after becoming one of the most popular children's tv series in 1984-85 syndication.

The animated Monday-through-Friday strip focuses on the outer-space adventures of a group of youngsters who control Voltron, a robotic "defender of the universe." The robot is formed when five smaller lion-shaped robots come together.

A handful of major "Voltron" licensees will support the property with more than $10 million in advertising this year, said Edward (Ted) Koplar, president of Koplar Communications, St. Louis, and its New York-based World Events Productions syndication-production subsidiary. The broadcaster itself also has plans to bolster young fans' interest in its series, now on 76 stations.

As World Events has been boasting in recent ads in tv trade publications, Arbitron's November sweeps report on syndicated shows has "Voltron" ranked as the No. 1 new-for-fall animated strip series among children aged 2 to 11. It averaged a 3.5 rating and 12 share, which, as World Events vp Thomas Battista noted, was topped only by Group W Productions' one-year-old "He-Man & the Masters of the Universe" (3.9 rating and 13 share).

That kind of ratings prowess in the Monday-through-Friday after-school daypart, and in daily and weekend morning time slots where many stations are repeating the show, is helping the property's licensing appeal.

Besides New York-based Matchbox Toys (USA), the first licensee signed last fall, Mr. Koplar said his company has added LJN Toys, New York, for various robot figures and vehicles, including electronic robots capable of six functions; Panosh Place, New York, for smaller action figures and play sets, and Impulse Ltd., St. Louis, for children's calculators, cameras, flashlights and wristwatches.

Should another pending toy company sign on, he said, that would add another $5 million or so to "Voltron's" support.

Moreover, Merchandising Corp. of America, Universal City, Cal., is handling the licensing of products in nearly 50 other categories, primarily outside the toy field, said Hulas Kanodia, Koplar's chief financial officer.

The retail prices for all these "Voltron" toy products range from $2 to nearly $100, the latter for a large-size Matchbox robot toy, Mr. Kanodia said.

The majority of the other products will hit retail shelves in July, though some will be available in April, the executives said.

"Our main business is tv," Mr. Koplar said, citing World Events and his company's ownership of two tv outlets, in St. Louis and Sacramento, Cal.

"This is all new to us," he admitted, as he discussed the company's first licensing successes. "I feel like I'm going through the jungle with a machete. If someone had asked us a year ago, we never would've anticipated this."

Not surprisingly, Mr. Koplar already has given the go-ahead for another season of 21 new episodes, starting in September. Toei Co., a Japanese company, will produce five new episodes a week. The total production and postproduction costs will be about $250,000 per episode, he estimated.

Mr. Koplar said he is not concerned that interest in robot tv series and toys might wane by next year, given the clutter of 1985-86 robot specials, miniseries and series (including Marvel Productions' "Transformers" and Hanna-Barbera's "GoBots" as daily series as of September).

"Voltron" is more than a robot show, he maintained, because the robots are "extensions of the child characters who control them."

Still, Mr. Koplar has various concepts in development aimed at maintaining youngsters' interest in the property, which now has more than 3 million viewers a week.

Although World Events is working on other series prospects, he said, "We're really concentrating on maximizing 'Voltron's' potential, to make it the most profitable show a station can have."

Much of the money from its cash sales are being channeled into promotional spots, ad slicks and press releases that stations can use during sweeps periods, he said, as well as into the new season's $5 million-plus production budget.

World Events is handling these promotional efforts in-house.

"We want to keep the momentum going," Mr. Kanodia said. Ideas under consideration include a 90-minute "Voltron" tv cartoon special for fall prime time on carrier stations and a feature-length "Voltron" movie for theatrical release, Mr. Koplar disclosed.

Another idea, newly approved, is a live-action touring road show, due for a June start, to tie in with the series' local tv stations as it visits shopping centers in various major markets.

Sony Corp. of America, Park Ridge, N.J., this spring will promote both the series and Sony Video Software Operations' April home video release of six 90-minute "Voltron" episodes, Mr. Koplar said.

Priced at $49.95, each title is expected to sell nearly 25,000 units, Sony sources said.

Sony, which is considering a "Win a 'Voltron' video party" concept, also plans to play the stereo "Voltron" videocassettes in stores, in effect as a point-of-purchase tool for its stereo tv sets.

Confident that "Voltron" has a long life, Mr. Koplar pointed out that this cartoon series is the first to be produced in Dolby stereo. Although distributed via Robert Wold Co., Los Angeles, in stereo, relatively few outlets can use it in that form, he said.

However, during the stations' four-year contract span, stereo tv will become more important, he predicted—in "three years or so," to be more specific. Koplar's own KPLR-TV, St. Louis, is a stereo carrier.

The producers have taken great pains to have superior sound quality in the show, though sounds like the swishing of the villain's cape will not be clear until aired in stereo, the broadcasters said.#

PR agencies' 1984 earnings

All of the top 20 pr companies posted fee income gains in 1984, some as much as 50%. *Source: 1985 edition of O'Dwyer's* Directory of PR Firms.

Rank	Agency	Net fee income	Increase (%)
1	Burson-Marsteller	84,258,000	32.4
2	Hill & Knowlton	69,400,000	14.0
3	Carl Byoir & Associates	30,950,469	30.0
4	Ruder Finn & Rotman	19,240,000	9.0
5	Ogilvy & Mather PR	16,300,000	25.2
6	Daniel J. Edelman inc.	14,240,194	39.1
7	Manning, Selvage & Lee	13,428,000	25.6
8	Fleishman-Hillard	11,100,000	40.3
9	Booke Communications	10,923,670	23.7
10	Ketchum PR	10,800,000	28.4
11	Doremus & Co.	10,548,000	9.0
12	The Rowland Co.	10,362,000	23.0
13	Rogers & Cowan	9,924,146	24.5
14	Gray & Co.	9,000,000+	28.6
15	Regis McKenna	7,855,000	51.7
16	Creamer Dickson Basford	7,811,387	51.5
17	Robert Marston & Associates	7,013,000	16.4
18	Bozell & Jacobs PR	5,000,000	19.0
19	Financial Relations Board	4,460,770	27.9
20	Baron/Canning & Co.	4,150,000	7.7

Bernstein

(Continued from Page 36)

of using advertising in a selective manner. He feels that letters and phone calls are more effective, particularly when time is pressing, but believes that a powerful ad can be persuasive and can sometimes color the news coverage. "We don't recommend advertising, however, unless we've got a real blockbuster message," he says.

Public relations played a particularly interesting part in the defense of Houghton Mifflin Co., the Boston-based publishing company, against a raid by conglomerate Western Pacific Industries. As Mr. Cheney relates it, the time-honored ploy of attacking the attacker on the basis of poor management wouldn't work because, in fact, Western Pacific was well run. But when he learned from the publisher's ceo that the authors didn't want the company to be taken over by a conglomerate, Mr. Cheney suggested that be communicated to Western Pacific's ceo and other members of the board.

Copies of authors' letters expressing their concern were provided to the *Boston Globe*, resulting in a story that included interviews with some of the authors. The *Globe* story found its way to Herbert Mitgang of the *New York Times*, who happened to be one of the leaders of the Authors' League fighting the takeover of publishers by conglomerates.

Mr. Mitgang asked the Western Pacific ceo about the authors' stand. He said: "That's got all the spontaneity of a demonstration in Red Square." The *Times* reporter then confronted the ceo of Houghton Mifflin with his adversary's quote. His retort was: "Does he think I can orchestrate Arthur Schlesinger and John Kenneth Galbraith?" Both were Houghton Mifflin authors.

The denouement of this sizzling saga? Well, the *Times* story ran using both statements and, according to Mr. Cheney, it was devastating. At his suggestion it was sent to the publishing company's authors, which inspired them to express their indignation to the Western Pacific ceo, making it clear they would never write for him. He got the message; the offer was dropped.

Perhaps Mr. Cheney took inspiration from an earlier contest which gained notoriety as the "Jewish dentists" defense. In brief, a subsidiary of Cable Fund Corp. made an uninvited pass at Sterndent Corp. which, among other things, supplied tools and gold to dentists.

As Mr. Kramer puts it, "Marry a fact with a little fiction and come up with a defense."

When it was learned that a Kuwaiti group was one of the attacker's sources of financing, a defense was fashioned that went something like this: Everyone knows dentists are Jewish; Jews won't deal with Arabs; ergo, if Sterndent is acquired by Cable Funding, you can say goodby to a healthy chunk of the business.

Mr. Kramer says this scared the Kuwaitis into withdrawing because the last thing they wanted was an international imbroglio. "It worked then," he says, "but it would have zero chance today. Aggressors are more aggressive, and that includes foreigners."

Asked if he foresees hostile acquisition activity in the ad agency field, Mr. Cheney said: "Essentially, the ad agency is a people business. The challenge is not just to get the stock but the allegiance of the people. That, combined with the problem of client conflicts, would make such a move unlikely."#

Robot toys expected to march on in 1985

NEW YORK—Robot toys, led by those that can be changed into vehicles or dinosaurs, appear to be headed for another strong sales year.

Industry sources seemed to believe that Transformers (from Hasbro Bradley, Pawtucket, R.I.), GoBots (from Tonka Toys, Spring Park, Minn.) and Starriors (from Tomy Corp., Carson, Cal.) in particular will repeat their 1984 success stories. They will be aided by tie-in tv cartoon programing support in syndication and well in excess of $25 million in ad support by those companies and various licensees.

However, there are some industry executives, including some with products in the robot figures sector, who think the craze could begin tapering off by the end of 1985, largely because the robot category this year will become more crowded with me-too products and the concept will lose its novelty for the small-fry.

Still, new products unveiled at the February Toy Fair in New York included transformable Transformers electric train and auto racing sets from Tyco Industries, Moorestown, N.J.; Techmate, a strategy game with robot-like playing pieces, from Schaper Toys, Minneapolis, and Chargertron, which can turn into robots and vehicles, from Buddy L Corp. here.

As for large-size robots, Tomy is aiming mainly at young adults with Omni 2000 and Omnibot. San Francisco-based Lewis Galoob Toys' Bron, whose hydraulic pressure enables it to lift objects up to 25 pounds, and CBS Toys' Maxx Steele, on which consumers can play electronic games, are directed more to youngsters.

One company that obviously anticipates ongoing children's interest in robot characters is Telepictures Corp., which already is selling "Silverhawks" as a daily cartoon series for fall, 1986, syndication.#—J.P.F.

D.C. pr shops in 'star wars'

WASHINGTON—The battle for political heavyweights among local communications shops has turned into a game of musical chairs, with Gray & Co.'s losses turning into Burson-Marsteller's gains.

Gray, which triggered the "star wars" battles by bringing aboard such politicos as Alejandro Orfila, former secretary-general of the Organization of American States, and, more recently, William Bolger, former postmaster general, just lost John Lengel, former vp for pr, to Burson-Marsteller. There he'll report to a boss who's equally new: Sheila Tate, Nancy Reagan's former press secretary.

(Mr. Orfila resigned last week to work with Gray chief Robert K. Gray on another business project.)

Another Gray vp loss is Patrick Pellerin, who opened a pr shop with partners Howard Bomstein and Michael Gura, the owners of the Bomstein/Gura Agency.

Gray plans to replace its lost personnel, but the agency hasn't gained any heavy hitters in recent months, and most of the replacements are expected to be of lesser renown.

Last week, Gray promoted longtime vp Elizabeth Weltner to senior vp in charge of its new Washington Market/Special Projects Group.

And Burson is priming itself to snare some of Gray's lobbying thunder. Jon Jessar, Burson's general manager and former chief of Gray's pr division, recently hired Pat Griffin, former secretary to the Senate minority leader, to head his lobbying division.#

Beer ad ban won't hurt nets

By VERNE GAY

NEW YORK—The proposed ban on tv beer advertising is still alive in Washington, but a research report by a Wall Street brokerage house here suggests that its effect would not be severely disabling to the tv networks.

L.F. Rothschild, Unterberg, Towbin noted in its recent report that beer and wine advertising accounted for less than 18% of total network sports revenues in 1983. The major beer advertisers, Philip Morris' Miller Brewing and Anheuser-Busch, accounted for roughly 13% of the total.

While not discounting the importance of beer advertising to the networks, the report showed that the networks cull sports advertising revenues from a broad variety of sources.

For example, the automotive ad category outweighed beer and wine advertising as a revenue source for the networks' sports divisions in 1983. General Motors alone generated more than 10% of all networks' sports advertising revenue.

In total, automotive advertising contributed to more than 21% of network sports revenues.

Other major nonbeer sports advertisers include Sears, Roebuck & Co., IBM Corp., the armed forces and AT&T.

The report illustrates that an imposed ban would severely crimp the marketing efforts of the beer advertisers, however.

Adolph Coors Co., Van Munching & Co., A-B, Miller Brewing and Stroh Brewing each placed more than 70% of its total network ad budgets on network sports in 1983.

Some sources within the ad agency community, meanwhile, expressed other concerns. During a break at an Assn. of National Advertisers' tv workshop, a number of agency executives said that such a ban could have a major impact on the selling of tv sports. "It'd be a buyers' market," if the networks were left without beer sponsors in sports, said one veteran agency buyer, who does not represent a beer or wine account.

Speaking from the podium at the ANA gathering, Sam Thurm, Washington-based senior vp, labeled the proposed ban of beer and wine broadcast advertising "undoubtedly the hottest advertising issue" of 1985.

Alan Gottesman, an analyst with L.F. Rothschild, assembled the figures in two tables *(see chart above)*. The first table shows the percentage of the advertiser's total budget that goes to sports on network tv. The second table represents the percentage of ad revenue the networks receive from each advertiser.#

Sports ads

Sports' share of advertiser's total network expenditure.

Coors	99.0%%
(Armed Forces)	87.8%
Van Munching & Co	82.4%
Anheuser-Busch	75.9%
Philip-Morris	74.1%
Stroh	72.8%
Goodyear	69.8%
GM	69.5%
Tandy	66.1%
G. Heileman Brewing	65.4%
Nissan	64.0%
Honda	63.9%
IBM	63.8%
VW	59.5%
Xerox	58.6%
Toyota Motor	56.9%
Brown Forman	46.9%
Pabst Brewing	44.8%
Chrysler	38.1%
E&J Gallo	28.3%
Gillette	25.9%
Sears	25.7%
Ford	25.7%
AT&T	18.5%
R.J. Reynolds	15.9%
Joseph E. Seagram	2.9%

Advertiser share of network sports revenues

General Motors	10.2%
Philip Morris	6.9%
Anheuser-Busch	6.4%
Ford	3.2%
Sears	2.7%
IBM	2.4%
Chrysler	2.3%
(Armed Forces)	2.1%
Stroh	2.0%
AT&T	2.0%
Honda	1.9%
Nissan	1.6%
Gillette	1.4%
Tandy	1.3%
Goodyear	1.2%
Toyota Motor	1.1%
Xerox	1.0%
VW	1.0%
R.J. Reynolds	0.8%
Coors	0.7%
E&J Gallo	0.6%
Pabst	0.5%
G.Heileman	0.2%
Van Munching	0.2%
Brown Forman	0.1%
Seagram	0.0%

Health companies get help

CHICAGO—Sieber & McIntyre and Performance Technologies here have formed a joint field sales unit called Sieber & McIntyre/PTI.

The unit will help healthcare companies with customized training programs. Telephone is (312) 266-9200 or 670-2121.#

Incontinence market heats up

By LAURIE FREEMAN

Devilbiss Healthcare Worldwide will break its first network tv campaign in May for Tranquility incontinence pads and briefs. Devilbiss' action could add a third major competitor to what has been a virtually exclusive battle between Procter & Gamble, Cincinnati, and Kimberly-Clark Corp., Neenah, Wis.

The flushable pad system, developed by Principle Business Enterprises, Dunbridge, O., and marketed by Devilbiss, Somerset, Pa., has been available in home healthcare stores and some pharmaceutical home healthcare sections since last spring.

The network tv launch coincides with the company's move to make Tranquility available in all drug outlets.

Themed "Maximum security with minimal bulk," the spots already have been airing in limited areas, such as Chicago and Fort Myers, Fla. Barnum Communications, New York, is Tranquility's agency.

Tranquility products, like Kimberly-Clark's Depend undergarments, are aimed at "the active incontinent," a Devilbiss spokeswoman said.

"Of the estimated 8 million incontinent people [in the U.S.], only 700,000 [9%] are considered bedridden incontinent. The rest are ambulatory," said Francis Bouda, a patent attorney-consultant specializing in paper products.

"For the ambulatory market, there's a need for easy-to-use, nonbulky, superabsorbent products, and Tranquility may take [P&G and K-C] by surprise," he added.

However, K-C marketing executives don't view Tranquility as a competitor against their Depend shield and pads.

"[Tranquility] doesn't have meaningful consumer value. . .its flushability is a gimmick. As a practical matter, you'd have to handle it after use and it remains to be seen whether consumers want to do that," a K-C spokesman said. Neither Depend nor P&G's Attends is marketed as a flushable product.

Tv spots for Devilbiss Healthcare Worldwide's Tranquility products are aimed at "the active incontinent." Barnum Communications, New York, is the agency for Tranquility.

Retail sales of incontinence products totaled $250 million in 1984, Mr. Bouda said.

Industry analysts say the market will eventually grow to $6 billion, surpassing the baby diaper category.

P&G owns 52% of that market, "primarily because it markets Attends to the bedridden incontinent," Mr. Bouda said. Attends is sold to hospitals and nursing homes and through durable medical equipment supply stores.

Attends pads also are available by mail order through Sears, Roebuck & Co. and Montgomery Ward & Co.

K-C has an 8% share of the market, "a smaller percentage because the company is going after the active, at-home, ambulatory market [which is harder to reach than the bedridden market] and is selling Depend pads and shields through drugstores. However, K-C may come out on top because the market for active incontinents is far greater than the bedridden," Mr. Bouda said.

Network tv spots for Depend position the brand as the one for "comfortable, discreet protection. . .gives you effective protection from wetness because of a fluid-locking material that absorbs fast."

A similar spot for Depend shields notes that the shields offer security from minor bladder control problems. Campbell-Mithun, Minneapolis, is the Depend agency.

To capture its share of the ambulatory market, P&G is now marketing Trimfit Attends, a product Mr. Bouda said is "like a diaper but not as bulky.

Trimfit Attends is marketed through nursing homes, a P&G spokesman said. This smaller version of Attends includes a "wetness indicator," a thin, litmus strip that turns blue when the diaper is wet.

Benton & Bowles, New York, handle advertising for both P&G Attends products.#

Wendy's benches ballpark spot

By SCOTT HUME

A funny thing happened on the way to the ballpark.

"Ballpark" was the title of what was to have been one of two new spots comprising Wendy's latest campaign (AA, Feb. 25). The commercial centered on a fast-food customer who asks when his hamburger was prepared. In reply the counterman asks, "Ballpark figure?"

But director Joe Sedelmaier woke up one night before production began with second thoughts. He called Cliff Freeman, copywriter for Wendy's national agency Dancer Fitzgerald Sample, New York, and the two decided there was an even better idea for a commercial: "Wine cellar."

"The agreement I have with Wendy's now is that I get involved with scripts right from the beginning, which saves making changes on the set," said Mr. Sedelmaier, who has directed a half-dozen commercials for the fast-food chain, including the immortal "Where's the beef?"

"And the way Cliff and I work, we toss around a lot of ideas before the script goes to the client. I thought 'Ballpark' was funny, but the more I thought about it, I realized it didn't relate to the problem the spot is supposed to address, which is Wendy's fresh preparation."

As a result, the "Ballpark" script was sent back to the minors and Messrs. Sedelmaier and Freeman created "Wine cellar." It goes on the proposition that aging might be acceptable for fine wines and cheeses, but hamburgers are best when they're served fresh from the grill.

Wendy's is comfortable giving Mr. Sedelmaier a free hand, but it was keeping a somewhat nervous eye on the clock during the past two weeks while production of "Wine cellar" and its companion spot, "12 o'clock," was completed. Both are planned to air on the networks beginning this week.

So, too, is a commercial titled "The will," which also completed filming only last week. That spot is the first tv work for Wendy's from Lockhart & Pettus, New York, hired last fall as the chain's agency for the black market.

The spot focuses on a family gathered for the reading of a wealthy relative's will. Family members who "couldn't tell a good hamburger if it looked them in the eye" are left only some stern advice on their taste in fast-food chains, while the nephew who introduced the deceased to Wendy's inherits the whole estate.

Wendy's hopes to work "The will" into the network rotation if time constraints allow. Spot buys on programing with high black viewership are definite.#

Allbaugh opens company

WESTPORT, CONN.—J. William (Bill) Allbaugh is opening an advertising sales rep company here called Allbaugh, Decker, Freas.

Mr. Allbaugh left Sept. 1 as advertising director at *Newsweek* (AA, June 25, *et seq.*).

The other two partners in the new company are John Decker, president, Decker Decker & Freas, and Lenwood Freas, exec vp at DDF. Allbaugh, Decker, Freas is located at Four Nutcracker Ln., 06880.#

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DDB a winner in up-&-down 4th quarter

By STEWART ALTER

Doyle Dane Bernbach International, New York, the last of the public ad agencies to release its 1984 figures, had what was probably the best news to report relative to its own past performances.

In a fourth quarter of extremes, exhilarating some shops and upsetting others, DDB had reason to be thrilled.

Through a variety of much-publicized cost-cutting measures (AA, Jan. 28), DDB managed to boost '84 net income, excluding consideration of an extraordinary gain in 1983, by 51% in the quarter and 36% for the year *(see accompanying chart)*. In the previous two years, DDB earnings had declined.

Mickelberry Corp. was probably most thrown for a loop, owing to the loss of the Brown & Williamson Tobacco Corp. business in Cunningham & Walsh's Chicago office and the costs associated with restructuring that office. It posted a loss of $518,000 in the fourth quarter, bringing 1984 net income to $1.3 million from $2.6 million a year earlier (AA, March 4).

Alan Gottesman of L.F. Rothschild, Unterberg, Towbin judged the year financially as being "okay. It didn't knock my socks off, but it wasn't bad."

Some agencies did turn in strong, if anticipated, results. Ogilvy & Mather reported a net income gain of 45.2%, double its 22.5% increase in revenues.

That thrust O&M ahead of JWT Group in the earnings category. The two had similar net incomes in '83, but O&M's earnings of $25.8 million in '84 were considerably higher than JWT's $20.5 million (AA, Feb. 25).

JWT said net income declined in the fourth quarter, owing to "a higher level of business development spending, higher compensation costs and the impact of the strong dollar on its international operations."

But JWT and Interpublic Group of Cos. were added to the recommended list by Charles Crane, an analyst at Oppenheimer & Co.

On JWT, he said, "Following an anticipated decline in first-quarter earnings [at JWT], per-share comparisons should improve smartly for the balance of the year. Earnings are expected to increase some 20% in 1985 over 1984."

Interpublic got on the recommended list for its $100 million in new-business wins in January. And that was before the RJR Industries realignment *(see story on Page 1)*, a bonanza for McCann-Erickson Worldwide.

Mr. Crane added, "The uncertain economic forecast which formed the basis of our modestly bearish yearend outlook for the agency stocks has been replaced by the consensus view that the current recovery will last at least until 1986."#

Agency financial results

While 1984 was a healthy year for revenue growth for most agencies, the rate of net income increase was even higher for such agencies as DDB, Interpublic and O&M. NA means not applicable. Source: *Advertising Age*.

Agency	Income ($000) 1983	1984	(%)	Revenues ($000) 1983	1984	(%)
Fourth quarter						
Ally[1]	873	885	+ 1	50,709	47,788	− 6
BBDO	6,872	7,486	+ 9	78,561	82,173	+ 5
DDB[2]	2,606	3,947	+51	60,754	61,456	+ 1
FCB[3]	(791)	5,613	NA	61,526	71,137	+16
Grey	2,653	3,037	+14	47,660	58,421	+23
Interpublic	9,679	10,045	+ 4	178,161	183,509	+3
Mickelberry	1,227	(518)	NA	26,901	34,550	+28
O&M	8,994	11,729	+30	108,940	131,231	+20
JWT	6,543	5,783	−12	128,572	139,574	+ 9
Full year						
Ally[1]	2,240	851	− 62	20,444	21,406	+ 5
BBDO	18,055	22,644	+ 25	263,999	305,269	+ 16
DDB[2]	6,360	8,678	+ 36	198,518	213,199	+ 7
FCB[3]	7,078	16,807	+138	225,483	267,646	+ 19
Grey	2,653	3,037	+ 14	47,660	58,421	+ 23
Interpublic	25,380	32,794	+ 30	603,044	644,393	+ 7
Mickelberry	2,601	1,271	− 51	91,245	124,240	+ 36
O&M	17,800	25,838	+ 45	358,395	439,178	+ 22
JWT	17,579	20,478	+ 16	450,463	508,165	+ 13

[1]Ally & Gargano's fiscal year runs July 1-June 30 so quarterly figures are A&G's second quarter and 12-month figures are for year ended June 30, 1984.

[2]Doyle Dane Bernbach's actual 1983 net income both in the quarter and for the year was actually $1,009,000 higher because of an extraordinary item—redemption of funds from a terminated pension plan.

[3]Foote, Cone & Belding's figures are restated from what was actually reported in 1983 to reflect the merger with The NCK Organization, which took effect Jan. 1, 1984.

Saatchi hooks Rowland shop

By STEWART ALTER

The Rowland Co. is expected to begin expanding first on the West Coast and then nationally and internationally following its agreement last week to be acquired by Saatchi & Saatchi Co., London. Much of the expansion is likely to come through acquisitions.

It was the need to expand to keep up with the other major ad agency-owned public relations agencies that became the primary motivation for Herbert Rowland to sell his New York company.

"We're among the top 10 firms, but increasingly we find that to be competitive to attract business that is multinational, we need to be able to provide greater resources," Mr. Rowland said. He is tied into a five-year contract to remain the agency's president.

Rowland Co., one of the nation's top 10 pr agencies with 1984 fee income of $10.4 million and pretax profits of $2.2 million, has agreed to be acquired by Saatchi for an initial cash payment of $10 million plus future payments based on an after-tax income formula.

"It's become increasingly clear that with our business developing on the West Coast that we need a presence there," said Mr. Rowland, whose agency handles many major national clients, all from New York.

Among Rowland's top clients are Chesebrough-Pond's, Citibank, E.I. du Pont de Nemours & Co., Eastman Chemical and Procter & Gamble. All are clients of various Saatchi agencies.

What appealed to Mr. Rowland most about selling to Saatchi was its hands-off attitude toward subsidiary management. "The important thing to me was I never wanted to be owned by a single advertising agency."

Although Saatchi generally doesn't get involved much in the daily management of its companies, it recently has begun focusing more on spreading business through its network. In the two months since it acquired the Hay Group consultancy, it reportedly has had the opportunity to spread four clients either from an ad agency to Philadelphia-based Hay or vice versa.

The identities of those clients could not be learned. Some advertising clients, such as Pirelli Tires, which Saatchi handles overseas, also have become U.S. agency clients. Pirelli recently moved to Cochrane Chase, Livingston & Co., Irvine, Cal., from in-house.

With its entry into the pr business, Saatchi has what may be an even greater opportunity for spreading business because pr agencies often benefit from ad agency referrals.

In fact, some of the last remaining independent pr companies see each pr agency acquisition as a boon for them. "The fewer of us there are, the more referrals we're going to get," said Robert Marston, president of Robert Marston & Associates and a former admiring employe of Mr. Rowland.#

Rance Crain, Crain Communications president (r.), and Mark Pattis, vp-general manager of National Textbook.

Crain Books

(Continued from Page 3)

sales promotion and communications.

Rance Crain, president of Crain Communications, said: "We have long recognized the need to expand the activities of Crain Books. National Textbook Co. has the people and the resources to serve the growing communications business."

Mark Pattis, vp-general manager of National Textbook, commented: "Crain Books is an excellent complement to our current publishing activities. The knowledge that exists within our two companies will enable us to publish a number of exciting books to serve the constantly changing fields of advertising, marketing and communications."

Crain publishes Advertising Age and other business and consumer publications.#

Travisano

(Continued from Page 1)

now has 64% control of the shop, founded in 1966 with only a few clients—a hairpiece company and two small hotels, there will be a reorganization of stock ownership involving other partners in the near future.

Mr. Travisano, who will remain a consultant to the agency for five years, will be joined in his new venture by his cousin, Frank DiGiacomo, a former Della Femina executive who now heads a small agency under his own name. Mr. Travisano said he soon will begin hunting for office space here.

"I've been wanting to do this for two years," explained Mr. Travisano, who has been directing commercials for a number of the agency's clients, including American Isuzu Motors, for which he will continue to work, and WDIV-TV, Detroit. He also directed two spots for President Reagan's reelection campaign as a member of the ad hoc agency that called itself the Tuesday Team.

Although the two partners peppered the phone interview with quips and laughter, there was an underlying tone of sadness as they spoke.

Questions about their early days seemed to bring forth the most wrenching memories for the two men. Recalling the past, Mr. Travisano remarked, "We've been together since 1965 [when they worked at Ted Bates & Co.]. Those were the days Jerry had hair and I had black hair." As for their proudest accomplishment, Mr. Travisano remarked, "It's been the 17 years of incredible creativity. We have provided arenas [New York and Los Angeles offices] for people to do incredible work. Having been at [the former] Delehanty, Kurnit & Geller and then Bates, we went out and built an agency that *we* would like to work for."

Mr. Della Femina said he will assume Mr. Travisano's duties until a successor is named. In Los Angeles, James Weller is the agency's other co-director of creative services-U.S.

In response to a question, Mr. Della Femina said he plans to be in the agency business "forever."

James Travis, vice-chairman and chief operating officer, was known to be notifying Della Femina clients of Mr. Travisano's departure late last week.#

Kostyra

(Continued from Page 1)

division from 1980 to 1983. He will get a corporate assignment in the "business development" area, the agency said.

The spot operation, which buys $360 million worth of time, no longer will report directly to Robert Buchanan, the exec vp-U.S. media director. Instead, Mr. Kostyra will report to John Peters, JWT USA president, and Stephen Bowen Jr., exec vp-general manager, JWT, New York.

Effective April 1, the spot operation will be reorganized into two groups, with the intent to tie it more to account-planning needs.

"More clients are becoming increasingly sophisticated in the way they want to do regional marketing," said Mr. Bowen. This has led the agency to conclude that spot buying "needed to be more closely woven into the fabric of offices by having a mechanism to relate it more to people who run the accounts," he said.

In some cases, there have been clashes between the account and spot-buying operations.

Some clients "want tonnage," said Mr. Bowen, while others have different needs. "We have to have a unit responsive to these kinds of things. Both in terms of individuals and structure, we have significantly strengthened the capability of our spot unit."

In light of that last remark, upon which Mr. Bowen would not elaborate, the move also appears to indicate that JWT believes it has put the controversy around Ms. Luisi behind it and can return direction of the department to a media professional.

Ms. Luisi had headed JWT's spot buying and tv program syndication units prior to a discovery that syndication revenue had been overstated significantly through computer-system entries. Because of the discovery of these irregularities, JWT had to restate its earnings to reflect a loss of more than $30 million. Ms. Luisi was dismissed March 31, 1982, and since has filed a libel suit against JWT. A decision on whether it will go to trial or be dismissed is pending in the New York state supreme court.

The Luisi episode has had a lingering effect in that it has made JWT still feel inordinately vulnerable to rumors. One, from an anonymous caller to various publications more than a month ago, claimed there was a West Coast billings scandal at JWT affecting Burger King, the agency's largest spot client. BK chairman Jeffrey Campbell immediately responded (AA, Jan. 21) that he had been informed by JWT of what was happening and that it involved a program-rating procedure.

The anonymous caller then called again to say Mr. Hackett would be replaced as head of the spot-buying operation as a result of the discovery of a billings irregularity involving several clients. A JWT spokesman at the time denied any personnel change was under way; apparently no decision was made until recently.

While the caller in both cases has pointed, somewhat accurately, to actual developments at the agency, there appears to be no evidence that the changes in either the program-rating procedure or spot-operation personnel have to do with anything that could be called irregularities.#